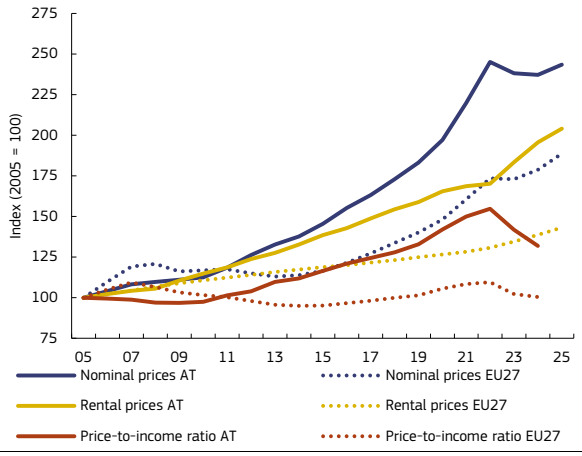
Austria has a strong affordable rental sector, yet there are relevant regional and sectoral differences. Austria has the second-highest tenancy rate in the EU with 45% of the population. Social housing (including municipal, limited-profit and cooperative housing) makes up 24% of the total housing stock and is accessible to both low- and middle-income households. Vienna is the region with the highest proportion of rental housing with 78% ([466]), about half of which is social housing. While rents in the capital region are slightly above the national average, they are highest in the Alpine regions. Furthermore, new rental contracts are more expensive than existing ones, especially in the private rental market. The increasing proportion of more expensive fixed-term contracts make rents even less affordable.

After increasing sharply until 2022, house prices have fallen slightly, while the supply of new housing is stagnating. House prices have increased over the last decade, but this trend halted in 2022. While the housing stock has been increasing slightly over the past years, the number of completed constructions decreased by 27% between 2021 and 2024 ([467]). Similarly, the number of building permits issued has halved since 2021.

Housing market developments

House prices in Austria halted their strong increase in 2022 but rents continued to rise, particularly for new contracts. House prices had been increasing strongly since 2010, outpacing both inflation and house prices in the EU. However, in 2022, rising interest rates led to reduced demand for housing purchases, with sales and prices eventually falling in 2023 and 2024. In 2025, house prices started to recover, growing at 2.6% year-on-year, without regaining their pre-2022 growth rates. The price-to-income ratio is still 35% above its 2010 level, among the highest increases in the EU. House and flat prices per square metre are highest in Vienna, Vorarlberg, Tyrol and Salzburg (see Annex 19). Average rental prices (including existing and new rental contracts) increased more slowly than house prices, as existing rental contracts, sometimes concluded decades ago, keep the average down. In 2024, rental contracts concluded less than two years ago were 86% more expensive per square metre than old rental contracts concluded over 30 years ago ([468]). Long-term rental contracts are common in Austria, with 11% of rental contracts having been concluded more than 30 years ago. The proportion of relatively expensive fixed-term contracts is high among new contracts. Such new rental contracts are putting pressure on new entrants in the housing market, many of whom have modest economic means, e.g. students, young families and recent immigrants.

Graph A16.1: **House prices, rents and price-to-income evolution in IT and EU27 since 2005**



Source: Eurostat

Construction activity has dropped sharply since 2022 while construction costs have been rising. Having declined by over 50% since 2021, building permits dropped to the lowest level of the past 20 years in 2025 (see Graph A16.2). Investment in dwellings as a percentage of GDP has been rising steadily since 2011 and has exceeded the EU average since 2013. It peaked at 6.7% in 2022 before decreasing to 5.3% in 2025 as housing demand was negatively affected by the strong increase in construction costs since 2021 and the increase in financing costs since 2022. Producer prices for residential buildings increased by 33% between 2020 and 2023. This increase was partially driven by the increase in input costs, as reflected by the 22% increase in

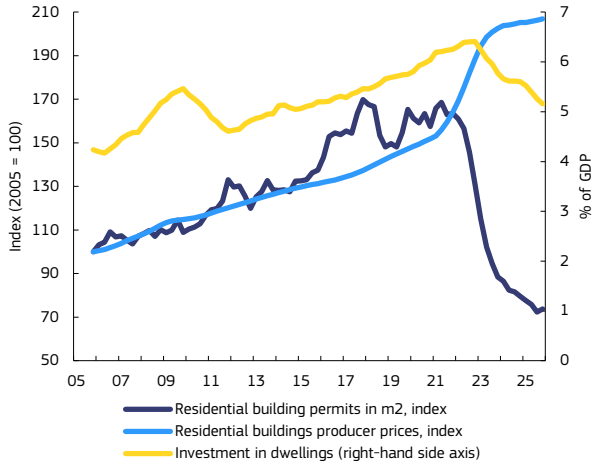
([466])Statistik Austria, Mikrozensus Wohnen 2024, https://www.statistik.at/fileadmin/publications/Wohnen_2024_Web-barrierefrei.pdf.

([467])https://oenb.shinyapps.io/wohnimmobilien_dashboard/.

([468])https://www.statistik.at/statistiken/bevoelkerung-und-soziales/wohnen/wohnkosten

the construction costs index. However, declining productivity and contractors' rising profit margins also play a role. Labour productivity per hour worked in construction has been falling since 2005. Moreover, demanding – but not legally binding – common market practice for construction (*anerkannte Regeln der Technik*) is driving up costs ([469]). Compliance requirements prevent construction companies from departing from established technical standards, even when some of those standards merely serve comfort-related purposes like noise reduction.

Graph A16.2: **House supply indicators in AT since 2005**

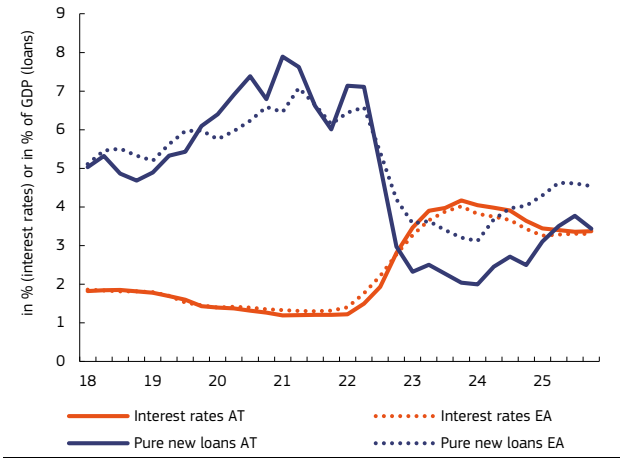


Source: Eurostat

Demand for purchasing housing fell steeply in 2022 and 2023 amid rising interest rates but showed signs of recovery in 2025. New housing loans as a percentage of GDP dropped from 7% in 2021 to 2.3% in 2023. This drop is more pronounced than in the euro area. One factor contributing to the decline in housing loans was the introduction of a mortgage regulation (the *KIM Regulation*) in early 2022 that limited the loan-to-collateral ratio to 90% and mortgage payments to 40% of household income. The regulation expired in July 2025, contributing to the recovery. The market saturation in some pricier segments may also have played a role in dampening demand after years of strong investment. The drop in demand helps to explain the sudden halt in the rise of house prices (see Graph A16.1).

([469])Übersicht Gebäudetyp E: Pro und Kontra der Einfach-Bau-Initiative | bauingenieur24.

Graph A16.3: **Borrowing costs and housing loans, in AT and EA since 2018**



Source: Eurostat

Structural policies

Austria has a dedicated legal framework for limited-profit housing, which is the basis for its regulated rental market and contributes to affordable rents. The Limited-Profit Housing Act from 1979 is the basis on which 182 limited-profit housing associations let and manage 997 000 housing units ([470]). These housing associations must set rents on a cost basis and have to reinvest their profits. Thus, limited-profit housing brings down average rent prices and there is evidence that it also has a price-dampening effect on the private rental market ([471]). Limited-profit housing can also benefit from special zoning criteria. Vienna has introduced a zoning code for social and limited-profit housing that applies to all newly zoned buildable land of at least 5 000 m². On this land, two thirds of the newly built living area should provide affordable housing. The objective is to counter excessive growth in land prices and ensure that sufficient area for affordable housing is available.

A housing and construction package was adopted in 2024 to create more affordable housing through new construction and

([470])https://www.bmwet.gv.at/Themen/KulturellesErbe/Wohnungspolitik.html?utm.

([471])The Price-Dampening Effect of Non-profit Housing, Austrian Economic Research Institute (WIFO), 2023, https://www.wifo.ac.at/en/publication/48877/.

renovation. It is expected to mobilise more than EUR 2 billion in investment for the creation of new affordable housing, renovation and economic recovery. It includes a budget of EUR 1 billion to support the construction of 20 000 new residential units and the renovation of 5 000 residential units. The package aims to counteract declining investment in construction and to offset the rise in housing costs.

A new package of rental law reforms was adopted in 2025 to improve affordability and stability in the rental market. The *Mietpaket* includes extending existing rent caps on regulated rents (municipal and cooperative housing) and extending them to parts of the private rental market ([472]). For the affected private rents, if annual inflation exceeds 3%, only half of the amount above 3% may be passed on to tenants. Rent increases in the regulated sector are capped at 1% in 2026, 2% in 2027 and will follow the same rule as in the unregulated sector from 2028. Rents may be increased only once per year, and minimum lease terms have been extended from three to five years. The aim of the measures is to offset the strong increase in rents in the past decade and to offer more stability and predictability to tenants. While these measures might lower rent increases and lead to more certainty for tenants, they could also weigh on supply and increase the gap between new and existing rental contracts. Furthermore, the measures leave structural disparities of the rental market untouched. Single and two-unit houses remain unregulated, especially affecting tenants in rural areas. A structured harmonisation of regulations in the private rental market could provide more legal parity for all rental agreements while maintaining existing tenant protection.

The current Austrian government highlighted housing affordability as one of its priorities, and plans both supply- and demand-side measures. In the 2025-2029 government programme, living costs and housing affordability, in particular, are among the government's priorities ([473]). The aim of these priorities is to strengthen the construction and renovation sector for affordable housing by simplifying building regulations and digitalising permitting procedures. A sustainable land-use policy focuses on using the existing stock of buildings and land to limit new soil sealing and reduce vacancy rates while aiming to ensure that publicly owned land remains public. Further plans include supporting limited-profit housing, for both rental and ownership, using new models such as renting with a purchase option and reintroducing the earmarking of the *Wohnbauförderung* for affordable housing. This contribution by employers and employees initially supported affordable housing construction and maintenance, but earmarking was stopped in 2008. Reintroducing it would support housing associations and increase financial predictability.

Regional differences in the availability of affordable housing influence labour mobility. The concentration of jobseekers in Vienna contrasts with unfilled vacancies in the western federal states ([474]). In 2024, the unemployment rate gap between federal states was 4.3%. Differences in housing markets contribute to this imbalance (see Annex 11). Vienna has an extensive social housing supply, while in the west, the subsidised housing stock is smaller and rents are higher overall. This creates lock-in effects, making it difficult for jobseekers (especially those in lower income households) to relocate. The federal government introduced measures to support cross-regional job placement and improve public services in the western regions.

Some local authorities in touristic regions face higher-than-average vacancy rates and have introduced measures to regulate vacant dwellings and secondary homes. The regions with the highest proportion of dwellings without registered residents are the traditionally touristic regions of Carinthia (16.2%), Tyrol (15.9%) and Salzburg (14.9%) compared with a national average of 13.3% ([475]), which suggests the presence of holiday homes. While tourism plays a large role in these areas' economies, Tyrol and Salzburg are also among the regions with the highest house and rent prices in the country. Some authorities, such as the city of Salzburg and the

([472]) https://www.bmwkms.gv.at/themen/aktuell/mietpaket-beschlossen0.html.

([473]) Regierungsprogramm 2025-2029, https://www.bundeskanzleramt.gv.at/bundeskanzleramt/die-bundesregierung/regierungsdokumente.html.

([474]) OECD, Addressing Regional Labour Market Imbalances in Austria, 2025.

([475]) Statistik Austria, Mikrozensus Wohnen 2024, https://www.statistik.at/fileadmin/publications/Wohnen_2024_Web-barrierefrei.pdf.

state of Tyrol, have introduced taxes to disincentivise secondary and vacant homes or use specific zoning to restrict holiday and secondary homes.

The Austrian government reacted to the increases in housing-related costs by launching a housing support programme. Next to existing anti-eviction measures implemented by the federal states, a federal programme (*Wohnschirm*) was started in 2022 with three main pillars: preventing evictions, avoiding energy cut-offs and ending homelessness. The programme was deemed successful and effective overall, as beneficiaries predominantly came from vulnerable households, with 73% being from households where people are at risk of poverty or social exclusion and 44% being from single-parent households ([476]). However, as the programme provided a one-off payment under the anti-eviction pillar, the underlying challenge of rising rental costs has not been resolved and therefore leaves scope for additional long-term measures. In contrast, the ending homelessness pillar is a long-term project that applies the Housing First principle by covering up-front payments such as deposits, and providing support by social workers before, during and after the search for housing.

Vulnerable groups

Although housing affordability pressure in Austria remains comparatively contained, it weighs on tenants and low-income households. While the housing cost overburden rate, at 6.5% was below the EU average of 7.7% in 2025 ([477]), households with lower incomes, in particular, struggle with housing affordability. The housing cost overburden rate among people below the poverty threshold is 33.4%, which is over five times higher than in the general population and also above the EU average of 29.1%. People within this group spent on average 39.7% of their disposable income on rent, slightly above the EU average of 36.6%. Significant differences can also be observed according to rental status. While 15.6% of tenants renting at market price were overburdened in 2025, only 4.2% of those renting at reduced prices were affected, reflecting the importance of subsidised housing in alleviating financial pressure for lower-income segments. Single-person households and single-parent households with dependent children struggle more frequently with housing affordability. The degree of urbanisation also influences housing costs. In 2025, 11.4% of people living in cities were overburdened vs only 4.5% of those in rural areas. The difference is more pronounced compared with the EU average (9.6% in cities vs 5.6% in rural areas) and can be explained by the high proportion of tenants in Austria that live predominantly in larger cities.

Arrears on mortgages, among those below the poverty threshold rent and utility bills doubled between 2022 and 2024. Rising housing-related costs (e.g. housing, water and energy) have been accompanied by increases in related arrears. While the EU average remained broadly constant in 2024, at 9.2%, the proportion of arrears in Austria increased from 4.7% in 2022 to 7.5% in 2024. Among those living below the poverty threshold, arrears doubled between 2022 and 2024 from 10.3% to 20.6% (similar to the EU average), further pointing to the stronger impact of inflationary price increases on those households' incomes.

Although housing quality in Austria is generally good, severe housing deprivation has surpassed the EU average. Austria had a low and decreasing proportion of people living in overcrowded homes (13.7%) in 2024 (EU average: 16.9%). The proportion of people living in a dwelling with structural deficiencies, although low, has been slowly increasing since 2020. On the back of this development, severe housing deprivation has increased from 3% in 2020 to 4.5% in 2024 and now exceeds the EU average of 4%. It disproportionally affects people below the poverty threshold (14.2% vs 9.9% at EU level), tenants (11%) and people living in bigger cities (13.9%).

The number of people registered as homeless continues to be low but differs significantly by region and has increased slightly in recent years. In 2023, the number of registered homeless people reached 20 573 (0.11% of the

([476])Bundesministerium für Soziales, Gesundheit, Pflege und Konsumentenschutz (BMSGPK) (Hg.); Endbericht zur begleitenden Evaluierung des Programms Wohnschirm, 2024.

([477])The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

Graph A16.4: **Housing affordability selected indicators**

		EU27				AT							
	unit	2000-25 avg.	2023	2024	2025	2000-25 avg.	2023	2024	2025	unit	2023	2024	2025
House price to income ratio	*2000-25 avg = 100*	100.0	102.0	100.2		100.0	124.5	115.8		YoY%	-8.4	-7.0	
Rent to income ratio	*2000-25 avg = 100*	100.0	85.1	83.5	84.5	100.0	103.8	103.4	106.8	YoY%	1.7	-0.4	3.2
Overburden rate, total	%	9.9	8.8	8.2		6.5	6.0	6.3		PPS/y	-1.4	0.3	
Overburden rate, tenant with market rent	%	23.8	20.3	19.2		14.3	13.0	14.6		PPS/y	-3.2	1.6	
Overvaluation gap	%					-1.1	19.1	11.5	10.5				
Deflated construction production price	*2010 = 100*	102.2	112.2	111.8	110.5	102.2	119.8	117.9	114.8	YoY%	-0.3	-1.9	-3.2
Building permits	*m^2 per ths persons*	483.5	376.9	362.9	379.9	754.7	503.8	446.7	412.8	YoY%	-32.9	-11.3	-7.6
Residential construction investment	*% GDP*	5.5	5.8	5.1	5.0	5.2	5.8	5.6	5.2	YoY%	-9.4	-3.4	-7.1
Share of ownership	%	70.0	69.1	68.4		55.7	54.3	54.5		PPS/y	5.6	0.4	
Share of people living in overcrowded homes	%	17.7	16.8	16.9		14.2	14.5	13.7		PPS/y	-1.2	-0.8	

Source: Eurostat and European Commission calculations. The overburden rate should be read together with the tenure structure (homeowner, tenants), that may differ across country and regions.

total population). That figure has increased by 5.5% since 2021 but remained well below the record highs in 2013 ([478]). Of those people, 12 021 were registered as living in emergency accommodation. Regional differences are stark, with more than half of all people registered as homeless residing in Vienna.

([478])Statistik Austria, Kennzahlen zu registrierter Obdach- und Wohnungslosigkeit 2023, 2024.